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19 July 1957

CMCC Doc. No. 151X5.638

Copy 1 of 2

Page 1 of 2

Dear Dan:

Enclosed are signed copies of Amendments 11, 12, and 13 to Contract A-101. While in agreement with the added work you have set forth in these Amendments, we find a number of discrepancies in the cost adjustments made. Exhibit A is a comment by section on the changes and a tabulation of discrepancies.

In several places you have used unit costs from previous proposals and extended these for new quantities. We have no objection to this in the case of recent proposals where we have indicated the costs would be applicable to some variable quantity of equipment, such as the [] and the new []. However, in the case of older proposals labor rates and burden rates may be changed from earlier figures and the labor and material costs of making different, particularly smaller, quantities of equipment may very well affect the cost of any new order. We would want to evaluate such figures before applying old cost figures to new work.

In those cases where you have cut back equipment quantities, you have subtracted funding at the estimated unit cost. Again, we would like to caution that in some cases commitments for materials have been made or labor costs have been incurred for total quantities so that there may be some costs incurred against cancelled units which will affect the funding available. Again, we would like to review such cancellations and advise you as to our estimates of funding adjustments.

We owe you definitive proposals on many items of work now covered by estimated funding. We will endeavor to get these proposals to you in the next few weeks. Firm costs will change the funding requirements in some areas.

You have omitted also from these amendments certain items of work you have requested us to do and certain proposals which we have already forwarded; these are set forth in Exhibit B.

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SECRET

CMCC Doc. No. 151X5.638

Copy 1 of 2

Page 2 of 2

These three amendments reflect a net reduction in certain data-reduction racks, but we understand there will be additional requirements for FOG in the near future so that we should not cancel work in process on existing quantities of data-reduction equipment, nor should we place orders for additional racks until the FOG requirements have been incorporated.

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Sincerely,



Dean

Enclosures:

Amendments 11, 12,
and 13 (in dupl.)

Copy 1 of 2 copies of the
following CMCC Doc. Nos.
1132X5.120
1132X5.119

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Approved For Release 2002/08/07 : CIA-RDP81B00878R000100090027-8

Next 5 Page(s) In Document Exempt

Approved For Release 2002/08/07 : CIA-RDP81B00878R000100090027-8